



CITY OF DURHAM | NORTH CAROLINA

Date: May 5, 2015
To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Jina B. Propst, Assistant Director, General Services Department

Subject: Proposed Sale of 2300 Nevada Avenue by Upset Bid, Parcel ID 104496 (City Tract 810)

Executive Summary

The City has received an offer to purchase City owned property located at 2300 Nevada Avenue from B. Wallace Design & Construction, LLC. The 0.927 acre property is a vacant, wooded parcel that is zoned RU-5(2). The parcel is located on a paper street with limited access via Huron Street to the north and from Bedford Street to the southeast. There is a sanitary sewer line that runs through a small portion of the southwest corner of the parcel. A 25' sanitary sewer easement will be reserved by the City. The purchase price offered is \$32,500.00.

The City proposes to sell the property as surplus pursuant to the Upset Bid Procedure of G. S. 160A-269.

Recommendation

The General Services Department recommends that City Council:

1. Declare the Subject Property at 2300 Nevada Avenue as surplus;
2. Propose to accept the offer of \$32,500.00 from B. Wallace Design & Construction, LLC to purchase the property at 2300 Nevada Avenue and advertise for upset bids pursuant to the Upset Bid Procedure (G. S. 160A-269);
3. Authorize the City Manager to accept the bid from the highest responsible bidder at the conclusion of the upset bid process, pursuant to Section 86.3 of the City Charter, and;
4. Authorize the City Manager or the Mayor to convey Parcel ID 104496 with a non-warranty deed.

Background

The City acquired the subject property by foreclosure on the 4th day of November, 1969 from William H. Holloway, duly appointed Commissioner by Judgment of Bonnie J. Swanson, Assistant Clerk of the Superior Court on the 30th day of September, 1969, in an action entitled "City of Durham vs. New Hope Realty Company, Inc. The parcel has remained undeveloped.

The Real Estate Division issued an inquiry to City departments asking the departments to specify whether there was a reason to retain the subject property. The City departments responded with no objection to selling the property.

The current tax value of the subject property is \$4,037.00 (\$.10 per square foot). The purchase price being offered is \$.80 per square foot. Comparable sales of vacant land in the area average \$4.50-\$5.00 per square foot, but those parcels are accessible to existing City

streets, curb/gutter and water/sewer. Subsequent to the proposed sale, the buyer will incur expenses necessary to extend Nevada Avenue and the attendant infrastructure from Huron Street to the subject property.

Issues/Analysis

1. The subject property is being sold “as is” with no representations or warranties being made by the City.
2. This Council action authorizes the upset bid process to begin upon advertisement of the offer.

Synopsis of Upset Bid Procedure

The City may solicit and receive bids to purchase property. A five percent deposit must be submitted with the bid. When a bid is made and City Council proposes to accept it, the bid is advertised for upset bidding in a local newspaper. This begins the upset bid procedure. The notice contains a general description of the property, the amount and terms of the bid, a notice that within 10 days any person may raise the bid by not less than ten percent of the first \$1,000.00 of that offer and five percent of the remainder, the date and time by which upset bids should be received, and the location to submit bids.

This procedure is repeated until no further qualifying upset bids are received, at which time the City Manager may accept the bid and sell the property to the highest qualifying bidder, or may choose not to accept the bid.

The bid will not be awarded to persons owing delinquent City-County taxes or assessments. Closing will be held within 90 days of the City’s acceptance of the bid.

Alternatives

1. City Council could reject the offer to begin the upset bid procedure and direct the Real Estate Division to first solicit bids through an advertisement, or direct the Real Estate Division to use one of the other public sales procedures such as G.S. 160A-268 – Sealed Bids – where the property is advertised at least once 30 days before bids are opened; or
2. City Council could direct the Real Estate Division to offer the property for sale by private sale to a nonprofit entity; or
3. City Council could elect not to delegate authority to the City Manager under Section 86.3 of the City Charter, but direct the Real Estate Division to return with a report at the conclusion of upset bidding for City Council to accept or reject all bids.

Financial Impact

Revenue generated from the proposed sale will be deposited in the City’s General Fund for Sale of Land (Account 0100-661100). Sale of the parcel will also generate tax revenue.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Location Map of Subject Property, Offer to Purchase